William D. Ford Federal Direct Loan (DL) Program – System Balancing from LC and GAPS/LO to the Direct Loan Servicing System (DLSS)

How does System Balancing for DLSS work?

The process involves 5 steps:
1. Automated System Balancing generates reports
2. Monitor daily Schedule A activity
3. Review Aging Report *(For GAPS to LO data exchange only)*
4. Review monthly Schedule A, B, C, and E
5. Apply DL Team Lead approval and file all related documents

What does this document do?

This document specifies the procedure for utilizing the automated System Balancing reports as a communication tool that enables the Department of Education to perform effective oversight of financial transactions that are transmitted between various operating systems. This ensures the integrity of the financial data generated and exchanged, with results being more accurate and timely transmission of financial data for further financial reporting to Treasury.

What is the policy on System Balancing?

System balancing should be performed among all DLSS feeder systems: Grant Administration and Payment System (GAPS), the Loan Consolidation (LC) System, and the Loan Origination System (LOS) to provide effective oversight of financial transactions that are transmitted between the operating systems. GAPS should be reconciled to LOS and LC/LO to DLSS as verification of accuracy and timeliness for all transactions transmitted through the systems involved.

Weekly conference calls are scheduled to discuss and resolve discrepancies or areas of concern. Members participating in the conference calls are representatives from the following four offices: SFA/CFO/AD; SFA/Schools/DL System; Direct Loan Operation System (LO) - EDS Contractor; and PwC-EDS (Subcontractor) Independent Verification.

The reports necessary for the review and reconciliation are Schedule A, Schedule B, Schedule C, Schedule E, and the Aging Report (for GAPS to LO *only*). **(See Table 1 for report details.)** The review of Schedule A is conducted on a *daily* basis, while the Aging Report is reviewed *weekly* and Schedule B, C, and E are reviewed *monthly*.

Who must follow the procedures in this document?

All members in the Chief Financial Officer (CFO)– Accounting Division (AD) or EDS (as an agent for SFA), must comply with these procedures for the process to which it relates.

5 Basic steps System Balancing:

1) Automated System Balancing generates reports
As an EDS member you must

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When?
Daily, Weekly, or Monthly
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    a) Run the automated System Balancing Reports and forward to CFO – AD **(See Table 1)**
        i) For GAPS to LOS data exchanges
        ii) For LC to DLSS data exchanges
        iii) For LOS to DLSS data exchanges

2) Monitor daily Schedule A activity
As an AD member you must

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When?
After obtaining the month end T/Bs

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a) Obtain the daily Schedule A (LC/LO to DLSS data)
b) Update the Schedule A Daily Summary spreadsheet
c) Verify that the payment adjustments net to zero
d) Review each line of the report and identify unusual activity
   i) Missing a daily financial batch
   ii) More than 1 financial batch processed daily
e) Notify the System Balancing contact of unusual activity
f) Document solutions and related comments

3) Review Aging Report *(For GAPS to LO data exchange only)*
As an AD member you must

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When?
As monthly reports are received

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a) Obtain the Aging Report of Unresolved Transactions
b) Monitor the timeliness of corrections

4) Review monthly Schedule A, B, C, and E
a) Obtain the monthly Schedule A, Schedule B, Schedule C, and Schedule E
b) Verify the Schedule A Daily Summary with the monthly Schedule A
c) Verify that Year-to-date Variance on Schedule B = WIP from Schedule C
d) Verify the validity of and adjustments to net beginning balance for Schedule B
e) Verify equation: Schedule A (Received) – Schedule B (Posted) = Schedule C (WIP)
f) Verify Schedule E and supporting documents

5) Apply DL Team Lead approval and file all related documents

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When?
After discrepancies are reported

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a) Review the Schedule A, B, and C analysis
b) Review Schedule E and supporting documents
c) Document completion of this process

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As documents are received

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d) File all meeting minutes reports, reports and supporting documents

Table 1: Reports Generated

Type	Title	Description
Schedule A (daily)	Daily Summary of Accepted/Rejected Financial Transactions	Daily report of the number of accepted batches sent from GAPS to LO or from LC/LO to DLSS
Schedule A (monthly)	Monthly Summary of Accepted/Rejected Financial Transactions	Monthly report of the number of accepted batches sent by LC/LO to DLSS; Contains fiscal year-to-date totals
Schedule B	Monthly Summary of Financial Transactions (Snapshot of LO's/LC's Database)	Monthly report of the number of financial transactions recorded in the LC/LO database on a given date
Schedule C	Monthly Summary Report of WIP	Monthly report of the number of transactions received but not yet accepted and applied to database (Work in Process)
Schedule E	Monthly Reconciliation	Reconciles data from LC/LO to DLSS to FMSS; Includes supplemental reports: Schedule E-1 (LC/LO to FMSS); E-2 (LC/LO to DLSS); and E-3 (DLSS to FMSS)
Aging Report *GAPS/LO System Balancing only*	Aging Report of Unresolved Transactions	Weekly list of transactions received from GAPS, but not posted to the LO database **Note:** Report reflects transaction type and the length of time those transactions have been available for processing